

DRAFT

Send comments to: lucita.rodriguez@bir.gov.ph and/or

jhoanna.ongtengco@bir.gov.ph

Deadline for submission of comments is on **June 30, 2010**

REVENUE REGULATIONS NO. _____

SUBJECT : **Implementing the Tax Provisions of Republic Act No. 9856
Otherwise Known as “The Real Estate Investment Trust Act of
2009”**

TO : **All Internal Revenue Officers and Others Concerned**

SECTION 1. Scope. — Pursuant to the provisions of Sections 244 and 245 of the National Internal Revenue Code (NIRC) of 1997, as amended, in relation to Section 22 of Republic Act No. 9856 (Act) otherwise known as the “Real Estate Investment Trust Act of 2009,” these Revenue Regulations are hereby promulgated to implement the tax provisions of the Act.

SECTION 2. Background. The Act provides the legal and regulatory framework for the creation and operation of the Real Estate Investment Trust (REIT) in the country.

A REIT is a publicly-listed corporation principally formed for owning income-generating real estate assets. The main purpose of a REIT is to provide investors from all walks of life the opportunity to own income-producing real-estate assets at an affordable rate of investment. Similar to mutual funds where funds are pooled to invest in stocks and securities, a REIT is structured to combine the capital of many investors for purposes of acquiring a diversified portfolio of income-generating real estate assets such as malls, apartment buildings, office buildings, hotels, hospitals and other medical facilities, golf courses, warehouses, resorts and other commercial, residential and industrial properties.

One of the distinguishing features of a REIT is that it is required by the Act to distribute at least ninety percent (90%) of its distributable income to its shareholders. In exchange for distributing its income and to ensure that a REIT remains real-estate focused, a REIT is granted an additional deduction equivalent to the distributed dividends for purposes of computing its taxable net income.

To encourage the growth of REITs, the Act also provides tax incentive in the transfer of real property to REITs, listed and unlisted, by reducing the applicable

documentary stamp tax rate due on the transfer. Other incentives under the Act are a lowered creditable withholding tax rate of one percent (1%) for income payments made to a REIT and a dividend tax exemption for Overseas Filipino Investors for a period of seven years from the effectivity of these Regulations.

SECTION 3. Purpose. These Regulations shall supplement the Implementing Rules and Regulations promulgated by the Securities and Exchange Commission (SEC) in consultation with the Bureau of Internal Revenue (BIR) and the Department of Finance (DOF). Specifically, these Regulations shall prescribe guidelines and conditions for the registration of REITs, the application of the tax incentives granted to REITs, the availment of dividend tax exemption by an Overseas Filipino Investor, and the withdrawal of tax incentives granted under the Act.

SECTION 4. Definition of Terms. — For purposes of these Regulations, the term:

“Act “ means Republic Act No. 9856 otherwise known as the “Act Providing the Legal Framework for Real Estate Investment Trust”-

“BIR” means the Bureau of Internal Revenue

“CAR” refers to the Certificate Authorizing Registration issued by the BIR to effect the transfer of ownership over real property

"Commission" or "SEC" means the Securities and Exchange Commission of the Philippines.

"Constitutive Documents" means the articles of incorporation and by-laws of a REIT.

"Corporation Code" refers to Batas Pambansa Bilang 68, otherwise known as the Corporation Code of the Philippines.

“Curing Period” refers to the sixty (60) day period within which a REIT or unlisted REIT may comply with the mandatory conditions for availing tax incentives and privileges under the Act

"Distributable Income" means net income as adjusted for unrealized gains and losses/expenses and impairment losses and other items in accordance with internationally accepted accounting standards. Distributable income excludes proceeds from the sale of the REIT's assets that are re-invested in the REIT within one (1) year from the date of the sale.

“DST “means Documentary Stamp Tax

"Exchange" means any entity registered with the Commission as a stock exchange pursuant to the Securities Regulation Code.

"Income-generating Real Estate" means real property which is held for the purpose of generating a regular stream of income such as rentals, toll fees, user's fees and the like, as may be further defined and identified by the SEC.

"IRR" refers to the implementing rules and regulations promulgated by the SEC to implement the provisions of this Act.

"Investible Funds" refer to funds of the REIT that can be placed in investment vehicles other than income-generating real estate such as real estate-related assets, managed funds, government securities, and cash and cash equivalents.

"Investor" means the owner of investor securities or investor shares.

"Investor Securities" or "Investor Shares" mean shares of stock issued by a REIT or derivatives thereof.

"LTRAD 3" means the Large Taxpayers Regular Audit Division 3 of the BIR in charge of audit of real estate industry

"NIRC" or "Code" means the National Internal Revenue Code of 1997, as amended

"Overseas Filipino Investor" refers to an individual citizen of the Philippines who is working abroad, including one who has retained or reacquired his Philippine citizenship under Republic Act No. 9225, otherwise known as the "Citizenship Retention and Re-acquisition Act of 2003".

"Public Company" means a company listed with the Exchange which has, upon and after listing, at least one thousand (1,000) public shareholders owning each at least fifty (50) shares of any class who in the aggregate own at least one-third of the outstanding capital stock of the REIT.

"Public Shareholder" means a shareholder of a REIT other than the following persons (non-public shareholders):

- i. The sponsor/promoter of the REIT;
- ii. A director, principal officer or principal shareholder of the sponsor/promoter of the REIT;
- iii. A director, principal officer or principal shareholder of the REIT;

- iv. An associate of a director, principal officer or principal shareholder of the REIT or its sponsor/promoter;
- v. A related corporation to the REIT or its sponsor/promoter; and
- vi. Any person who holds legal title to the shares of stock of the REIT for the benefit of another for the purpose of circumventing the provisions of the Act.

For purposes of sub-paragraph vi, unless proven otherwise, a person is presumed to hold legal title to the shares of stock of the REIT for the benefit of another for the purpose of circumventing the provisions of the Act if at least two (2) of the following facts exist: (a) if he does not have the financial capacity at the time of the acquisition to buy or otherwise acquire the shares appearing in his name; (b) if he executes a proxy or other instrument authorizing that person to represent and vote the shares; (c) if there is any document indicating that he holds the shares as trustee for the benefit of that person; (d) if he delivers any cash, stock or property dividends pertaining to the shares to that person; (e) if he assigns his entitlement to any rights offering relating to the shares to that person; (f) if he tenders the shares in response to any tender offer made by that person; and (g) if he sells the shares to that person in any private sale or placement at a discount of at least ten percent (10%) off the closing market price of the shares on the day the private placement or sale is made.

"Real Estate Investment Trust" or "REIT" is a stock corporation established in accordance with the Corporation Code of the Philippines and the rules and regulations promulgated by SEC principally for the purpose of owning income-generating real estate assets. Except as otherwise provided herein, a corporation becomes a REIT and qualified to avail of the incentives and privileges of the Act when its REIT Plan is rendered effective by the SEC and its listing as a REIT is approved by the Exchange. For purposes of clarity, a REIT, although designated as a "trust", does not have the same technical meaning as "trust" under existing laws and regulations but is used herein for the sole purpose of adopting the internationally accepted description of the company in accordance with global best practices.

"Real Property" shall have the same definition as "Immovable Property" under Article 415 of the Civil Code of the Philippines. Real estate, when used in these Regulations, shall have the same meaning as real property.

"REIT Plan" refers to the plan, including its amendments, of the REIT registered with the Commission.

"Taxable Net Income" means the pertinent items of gross income specified in Section 32 of the NIRC less all allowable deductions enumerated in Section 34 of the same Code (itemized or optional standard deductions) and the dividends distributed by a REIT out of its distributable income as of the end of the taxable year as: (a) dividends to owners of the common shares; and (b) dividends to owners of the preferred shares pursuant to their rights and limitations specified in the articles of incorporation of the REIT.

"Taxpayers engaged in the real estate business" refers collectively to real estate dealers, real estate developers, and/or real estate lessors. Conversely, the term "taxpayers not engaged in the real estate business" refers to persons other than real estate dealers, real estate developers and/or real estate lessors. A taxpayer whose primary purpose of engaging in business, or whose Articles of Incorporation states that its primary purpose is to engage in the real estate business shall be deemed to be engaged in the real estate business for purposes of these Regulations.

"TCL" refers to the Tax Clearance issued by the BIR to effect the transfer of ownership over shares of stock.

"Unlisted REIT" refers to a duly incorporated REIT that has not listed with the Exchange.

"VAT" means Value Added Tax.

SECTION 5. Registration and Classification of REIT. A REIT shall register once with LTRAD 3, on or before the commencement of its business, in accordance with the provisions of Chapter II of Title IX of the NIRC and its implementing revenue regulations.

Upon registration, a REIT shall submit, together with other documents that the Commissioner may require, certified true copies of its constitutive documents and the REIT Plan.

For tax purposes, a REIT is considered as taxpayer engaged in the real estate business. Hence, real properties owned by a REIT are considered as ordinary assets.

SECTION 6. Tax Incentives and Privileges. A REIT shall be entitled to the following tax incentives and privileges:

1. A dividends paid deduction which is an additional deduction from gross income as defined under Section 32 of the NIRC equivalent to the amount of dividends paid to stockholders from its distributable income;
2. Lowered creditable withholding tax rate of 1% for income payments received; and a
3. Reduced applicable DST rate for the sale or transfer of real property, including security interest thereto, to a REIT.

A REIT availing of tax incentives under the Act shall not be entitled to avail of other tax incentives as may be provided under special laws.

SECTION 7. General Conditions for the Availment of Tax Incentives. In order to qualify for the tax incentives under Section 6 of these Regulations, a REIT must:

1. Maintain its status as a public company as defined herein;
2. Enlist with an Exchange within two (2) years from date of initial availment of DST incentive and maintain the listed status of the investor securities on the Exchange and the registration of the investor securities by the SEC; and/or
3. Distribute at least ninety percent (90%) of its distributable income as required under the Act and its IRR.

The failure of a REIT to comply with the foregoing requirements shall be subject to a curing period of sixty (60) days from the occurrence of the event. Compliance by the REIT within the curing period shall be determined by the SEC and such determination shall be immediately communicated to the BIR.

SECTION 8. Income Taxation of REIT. A REIT shall be taxable on all income derived from sources within and without the Philippines at the applicable income tax rate of 30% as provided under Section 27 (A) of the NIRC on its taxable net income as defined in these Regulations. Provided, That in no case shall a REIT be subject to a minimum corporate income tax, as provided under Section 27(E) of the NIRC.

In computing the income tax due of a REIT, the formula to be used shall be as follows:

Gross Income	(as defined under Section 32 of the NIRC)
Less: Allowable Deductions	(as provided under Section 34 of the NIRC, whether itemized or OSD)
Dividends Paid	(as defined under these Regulations)

Taxable Net Income	
x	30%

Income Tax Due	

For purposes of this section, the dividends allowed as deductions during the taxable year shall pertain to dividends actually distributed at any time after the close of the taxable year but not after the last day of the fifth (5th) month from the close of the taxable year. Any dividends distributed within the period prescribed herein shall be considered as paid on the last day of REIT's taxable year.

SECTION 9. Creditable Withholding Tax. — Provisions of Section 2.57.2 of Revenue Regulations 2-98, as amended, notwithstanding, all income payments subject to

the expanded withholding tax received by a REIT shall be subject to a creditable withholding tax rate of one percent (1%).

Creditable taxes deducted and withheld by the withholding agent shall be remitted by accomplishing the Monthly Remittance Return of Creditable Income Taxes Withheld (BIR Form No. 1601-E) in triplicate copies with Monthly Alphalist of Payees, the tax base and the amount withheld paid upon filing the return with the authorized agent banks under the jurisdiction of Revenue District Office where the withholding agent is registered.

SECTION 10. DST on the Transfer of Real Property and Security Interest Thereto to a REIT—The sale or transfer of real property to a REIT, which includes the sale or transfer of any and all security interest thereto, (i.e. mortgage, pledge, other credit enhancements or any form of lien), shall be subject to fifty percent (50%) of the applicable DST imposed under the NIRC at the time of transfer.

Under the present provisions of Title VII of the NIRC, where the transfer involves real property, the DST imposed on the document transferring the real property under Section 196 of the NIRC shall be at the reduced rate of Seven pesos and Fifty centavos (P7.50) for every One Thousand Pesos (Php 1,000.00) or fractional part thereof in excess of P1,000.00 of the consideration or value of the real property transferred.

Where the transfer involves shares of stocks representing interest in the real property, the DST imposed on the sale or transfer of shares of stocks under Section 175 of the NIRC shall be at the reduced rate of Thirty Seven and a-half centavos (P0.375) on each Two Hundred pesos (Php200.00), or fractional part thereof, of the par value of such stock. In case the stock transferred is without par value, the amount of the DST prescribed shall be equivalent to Twelve and one half percent (12 1/2%) of the DST paid upon original issuance of said stock.

On the other hand, the DST on the assignment of mortgage or pledge, unless exempt under Section 199 (f) of the NIRC, shall be based on the outstanding balance of the original loan at the time of the transfer or assignment at the following rate:

- (a) When the amount secured does not exceed Five thousand pesos (P5,000.00), ten pesos (P10.00)
- (b) On each Five thousand pesos (P5,000), or fractional part thereof in excess of Five Thousand pesos (P5,000.00), an additional tax of five pesos P5.00.

The incentives granted under this section can be availed of by an unlisted REIT subject to the condition that it shall list with an Exchange within two (2) years from the date of the initial availment of the incentives. Failure of a REIT to list with an Exchange within the prescribed period in this section, subject to the curing period of sixty (60) days, shall automatically make the forgone DST, equivalent to fifty percent (50%) of

applicable DST, due and demandable together with the interest and penalties dues thereon reckoned from the date such taxes should have been paid.

SECTION 11. Taxation of Transfer of Real Property to a REIT.

Notwithstanding the foregoing provision, the sale, exchange, or other disposition of real property, including security interest thereto, to a REIT shall, unless otherwise exempt, be subject to income tax/ capital gains tax and value-added tax, if applicable, imposed under the NIRC depending on whether the subject property is classified as capital asset or ordinary asset.

SECTION 12. Transfer of Real Property Pursuant to Section 40 (c)(2) of the NIRC.(a) Transfers or exchanges of real property for shares of stock in a REIT falling under Section 40(C)(2) of the NIRC shall have the following tax consequences:

- i) *Income tax.* The Transferor shall not recognize any gain or loss on the transfer of the property to a REIT. Consequently, the Transferor will not be subject to capital gains tax, income tax, nor to creditable withholding tax on the transfer of such property to a REIT. Neither may the Transferor recognize a loss, if any, incurred on the transfer.
- ii) *VAT.* The Transferor is subject to VAT on the transfer of property classified as ordinary asset, unless the transferor is a taxpayer engaged in real estate business as defined in these Regulations.
- iii) *DST.* The transfer of property to a REIT in exchange for its shares is exempt from DST as provided under Section 199 of the NIRC.

(b) Applications for confirmation of tax-free exchange under Section 40 (C) (2) of the NIRC shall be governed by the provisions of Revenue Regulations 18-01.

(c) For monitoring purposes, the following information shall be annotated on the reverse side of the Transfer Certificate of Title or Condominium Certificate of Title or certificate of stock that is transferred or issued pursuant to such transfer or exchange:

"The acquisition of the property described in this title/certificate is by virtue of a tax-free exchange pursuant to Section 40(C)(2) of the National Internal Revenue Code of 1997, in relation to Republic Act No. 9856 or "The REIT Act of 2009", per Deed of Exchange/Assignment dated _____. The substituted basis pursuant to Section 40(C)(5) of the National Internal Revenue Code of 1997 is in the amount of _____."

SECTION 13. Guidelines for the Availment of DST Incentive and the Issuance of CAR. — (a) Parties availing of the DST incentive under Section 10 of these Regulations shall, together with the applicable documents as enumerated under Revenue

Memorandum Order No. 15-93, submit the following to the concerned Revenue District Office issuing the CAR/TCL:

- i. Two copies of the duly-notarized Application for DST Incentive under RA 9856 (Prescribed format attached as Annexes A-D);
- ii. Two certified true copies of the Constitutive Documents of REIT;
- iii. Two certified true copies of the Certificate that REIT is listed with the Exchange (for listed REIT).

(b) The CAR/TCL for the real property or share of stock/unit of participation/interest for the transfer to be issued by the Revenue District Officer/Authorized Internal Revenue Officer shall specify that the transaction involved is qualified for DST incentive under the Act, as implemented by these Regulations.

(c) For monitoring purposes, the following information shall be annotated on the reverse side of the Transfer Certificate of Title or Condominium Certificate of Title or certificate of stock that is transferred or issued pursuant to such transfer or exchange:

"The acquisition of the property described in this title/certificate is pursuant to the provisions of Republic Act 9856 or the "REIT Act of 2009" per Deed of Sale/Assignment dated _____."

The following persons shall be responsible for making the above annotation:

- i. The Registrar of Deeds, with respect to the Transfer Certificate of Title or Condominium Certificate of Title of real property that is transferred; and
- ii. The Corporate Secretary or equivalent officer of the investee corporation/partnership whose shares/units are transferred by the Transferor to the REIT

(d) Parties to the transfer shall submit to the RDO concerned copies of the new Transfer Certificates of Title, Condominium Certificates of Title, or certificates of stock/units of participation, duly certified by the Register of Deeds or the Corporate Secretary, as the case may be, containing the information required in this Section within ninety (90) days from the issuance of CAR/TCL.

Parties who fail to comply with the foregoing requirement shall be subject to the applicable penalties under the Act and the NIRC.

(e) An unlisted REIT must submit to the concerned RDO the original or certified true copy of the Listing Circular issued by the Exchange, or its equivalent document, within two years from its initial availment of the DST incentive. Failure to comply with this requirement shall result in the cancellation of the DST incentive thereby making

parties to the transaction liable for the applicable DST, interest and penalties under the NIRC. The imposition of the applicable DST, interest and penalties shall be without prejudice to the administrative, civil and criminal liabilities of the parties under the applicable provisions of the Act and the NIRC.

SECTION 14. Taxation of the Issuance and Transfer of Investor Securities. — The following rules shall apply in the issuance and transfer of investor securities:

- (a) The original issuance of investor securities shall be subject to DST under Section 174 of the NIRC;
- (b) Any sale, barter, exchange or other disposition of listed investor securities through the Exchange, including block sales or cross sales with prior approval from the Exchange, shall be subject to the stock transaction tax imposed under Section 127 (a) of the NIRC;
- (c) Any sale, barter, exchange or other disposition of listed investor securities through the Exchange, including block sales or cross sales with prior approval from the Exchange, shall be exempt from the DST;
- (d) Any sale, barter, exchange or other disposition of investor securities outside of the Exchange shall be subject to capital gains tax imposed under Section 24 (C), 25 (3), 27(D) (2), 28 (A) (C) and (B)(5)(C) of the NIRC;
- (e) Any initial public offering and secondary offering of investor securities shall be exempt from the tax imposed under Section 127 (b) of the NIRC.

SECTION 15. Taxation of Dividends Paid by REITs. — In general, cash or property dividends paid by a REIT shall be subject to a final tax of ten percent (10%), unless:

- (a) The dividends are received by a non-resident alien individual or a non-resident foreign corporation entitled to claim a preferential withholding tax rate pursuant to an applicable tax treaty;
- (b) The dividends are received by a domestic corporation or resident foreign corporation in which case they are exempt from dividends tax pursuant to Section 27 (D)(4) and 28(A)(7)(d) of the NIRC, respectively; or
- (c) The dividends are received by an Overseas Filipino Investor in which case, they are exempt from the dividends tax for seven (7) years from the effectivity of these Regulations.

SECTION 16. VAT on Gross Sales or Gross Receipts of REITs. — A REIT shall be subject to VAT imposed under Sections 106 and 108 of the NIRC on its gross sales from any disposal of real property, and on its gross receipts from the rental of such real property. A REIT shall not be considered as a dealer in securities and shall not be subject to VAT on its sale, exchange or transfer of securities forming part of its real estate-related assets.

SECTION 17. General Application of the NIRC — Unless otherwise provided under the Act, the internal revenue taxes under the NIRC, as amended, shall apply. Accordingly, a REIT shall be subject to:

- a) 20% final income tax on interest from any currency bank deposit and yield or any other monetary benefit from deposit substitutes and from trust funds and similar arrangements and royalties derived from sources within the Philippines;
- b) 7.5% final income tax on interest income derived from a depository bank under the expanded foreign currency deposit system;
- c) Capital Gains Tax on sales or exchanges of shares of stock;
- d) Corporate Income Tax and VAT on real estate transactions;
- e) DST on transactions not otherwise qualified for DST incentive;
- f) All other taxes not otherwise expressly exempted by any law.

Moreover, a REIT is considered as withholding agent and is required to file withholding tax returns and remit withholding taxes on all income payments that are subject to withholding pursuant to the provisions of the NIRC and its implementing regulations.

SECTION 18. Withdrawal of Tax Incentives. (a) A REIT shall be subject to the applicable taxes, plus interests and surcharges, under the NIRC upon the occurrence of any of the following events, subject to the rule on curing period where applicable:

- i. Failure of a REIT to maintain its status as a public company;
- ii. Failure of a REIT to maintain the listed status of the investor securities on the Exchange and the registration of the investor securities by the SEC;
- iii. Failure of a REIT to distribute at least ninety percent (90%) of its distributable income;
- iv. Failure of a REIT to list with an Exchange within the two-year period from date of initial availment of DST incentive; and
- v. Revocation or cancellation of the registration of the securities of a REIT;

(b) The recovery of the applicable deficiency income tax and DST from a REIT shall be an exception to the Period of Limitation for the Assessment and Collection of Taxes under Section 203 of the NIRC and shall be subject to the following rules:

- i. For deficiency income tax, an assessment shall be issued by LTRAD 3 against a REIT in accordance with Section 228 of the NIRC and its implementing revenue regulations;
- ii. The deficiency income tax of a REIT shall be computed based on its gross income as defined under Section 32 of the NIRC less the deductions under Section 34 of the same Code and without the dividends paid deduction under the Act;

- iii. On the other hand, the deficiency DST equivalent to 50% of the applicable DST, together with the applicable interest, surcharges and penalties, shall immediately become due and demandable, without need of an assessment, reckoned from the date of the initial availment of the incentives. For this purpose, a Formal Letter of Demand showing the details of the tax due shall be issued by LTRAD 3 against a REIT and collection of the tax shall be enforced in accordance with Chapter II, Title VIII of the NIRC.

SECTION 19. Delisting of a REIT and its Tax Consequences. In the event that a REIT is delisted from the Exchange, whether voluntarily or involuntarily, for failure to comply with the provisions of the Act or rules of the Exchange, the tax incentives granted under the Act, as implemented by these Regulations, shall be *ipso facto* revoked and withdrawn as of the date the delisting becomes final and executory. Any tax incentives that may have been availed of by the REIT thereafter shall immediately be refunded to the Government together with the applicable interests and surcharges under the NIRC and Section 19 of the Act. For purposes of this section, an assessment shall not be required to recover the deficiency income tax and DST due from a REIT. The deficiency taxes shall immediately become due and demandable and collection thereof shall be enforced in accordance with the provisions of Chapter II, Title VIII of the NIRC.

SECTION 20. Reports/ Documents to be submitted by a REIT. — A REIT shall, in addition to the existing requirements under the NIRC and its implementing regulations, submit to LTRAD 3 the following:

- (a) Certification by a responsible person designated by SEC that REIT is compliant with the minimum public ownership requirement;
- (b) Schedule of Dividend Payments indicating the name of Investor, address, amount of investment, classification of shares, amount of dividends, final tax-due;
- (c) Certified True Copy of the Philippine Passport, or Certificate of Recognition issued under Republic Act 9225, of an Overseas Filipino Investor;
- (d) Certified True Copy of the Employment Contract of the Overseas Filipino Investor;
- (e) Copy of the Contract between the REIT and Fund Manager;
- (f) Copy of the Contract between the REIT and Property Manager;
- (g) Quarterly written report on the performance of the REIT's funds and properties;
- (h) Amendment to the REIT Plan as approved by the SEC;
- (i) Copy of the Valuation Report prepared by the REIT appointed Property Valuer..

SECTION 21. Failure to Comply with Recording/Reportorial Requirements— In case of each failure to file an information return, statement or list, or keep any record, or supply any information required by these Regulations on the date

prescribed therefor, unless it is shown that such failure is due to reasonable cause and not to willful neglect, there shall upon notice and demand by the Commissioner, be paid by the person failing to file, keep or supply the same, One Thousand Pesos (Php1,000) for each such failure: Provided, however, that the aggregate amount to be imposed for all such failures during a calendar year shall not exceed Twenty Five Thousand Pesos (Php25,000).

SECTION 22. Incorporation Clause. — All existing rules and regulations, rulings, orders or parts thereof which are not inconsistent with any of the above provisions are hereby adopted and incorporated as part of these regulations.

SECTION 23. Repealing Clause. — All existing rules and regulations or parts thereof, which are inconsistent with the provisions of these regulations, are hereby revoked.

SECTION 24. Effectivity. — These Revenue Regulations shall take effect after fifteen (15) days following publication in a newspaper of general circulation.

MARGARITO B. TEVES
Secretary of Finance

Recommending Approval:

JOEL L. TAN-TORRES
Commissioner of Internal Revenue